

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

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IN RE:

PETITION OF UNITED WAY OF
WEST TENNESSEE FOR
ALLOCATION OF AN N11 NUMBER
(ABBREVIATED DIALING CODE)

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TRA DOCKET ROOM

TRA Docket No.

05-00317

PETITION FOR ALLOCATION OF AN N11 NUMBER

The United Way of West Tennessee ("Petitioner") respectfully submits this Petition for Allocation of an N11 Number (211) for the purpose of providing health and human services information and referral to citizens in West Tennessee.

INTRODUCTION

1. Petitioner is a charitable not-for-profit corporation, qualified as tax exempt under Section 501(c)(3) of the Internal Revenue Code (the "Code"), with its principal place of business in Jackson, Tennessee.

2. Petitioner funds local social service programs conducted by community service organizations in the West Tennessee region that are qualified as tax exempt under Section 501(c)(3) of the Code. Allocation of United Way funding is primarily determined by local volunteers who assess need priority among potential recipients of United Way funding. There are currently 86 programs and agencies that receive funding from United Way of West Tennessee.

NUMBERING RESOURCE AS TO WHICH ALLOCATION IS SOUGHT

3. Petitioner seeks allocation of the 211 abbreviated dialing code for a ten county area that includes Carroll County, Crockett County, Dyer County, Gibson County, Hardeman County, Haywood County, Henderson County, Madison County, McNairy County and Weakley County (the "Proposed Coverage Area"). Currently, the Petitioner does not provide 211 service and all counties would be new.

STANDARD FOR GRANT OF PETITION

4. In its July 31, 2000 Order (the "FCC Order"), CC Docket No. 92-105, ¶ 2, the Federal Communications Commission (the "FCC") expressly reserved the 211 abbreviated dialing code for "community information and referral services."

5. Pursuant to the October 20, 1993 Order (the "TRA Order"), Docket No. 92-13892, issued by the Tennessee Public Service Commission, the following factors and criteria are used to select the most qualified applicant for an allocation of N11 number resources:¹ (i) overall financial fitness, both historical and future; (ii) overall ability (technical ability and otherwise) and willingness to provide service on a permanent and continuous basis; (iii) ability and willingness to abide by Tennessee Regulatory Authority ("TRA") rules and policies; (iv) rates, services and collection practices to be utilized by petitioner in the provision of N11 service; (v) extent and duration of petitioner's service to the local community included in the N11 allocation; (vi) anticipated future uses by the community of the proposed service to be offered by the petitioner and the petitioner's overall experience providing information to the community to be served; and (vii) the type of information services to be provided by petitioner through an abbreviated dialing code, and its relative value to the public and local community. In addition, a petitioner for allocation of N11 number resources must agree to abide by the terms, conditions and rates for N11 service, which shall not exceed those set forth in the applicable Tariff.

REASONS SUPPORTING ALLOCATION OF N11

6. Petitioner seeks to utilize the 211 abbreviated dialing code for provision of community information and referral services, pursuant to the TRA Order and FCC Order.

¹ See July 14, 2000 TRA Order, Docket No. 99-00743, reallocating 211 abbreviated access code to Knoxville Information and Referral, Inc. and applying factors pursuant to the TRA Order.

7. Petitioner satisfies the criteria set forth in the TRA Order:

(a) Overall Financial Fitness, Both Historical and Future. Beginning in 1941, the Jackson community joined together to raise funds to support the efforts of non-profit agencies that provide help to those in need in our community. That first United Way campaign raised approximately \$25,000. Just over forty years later, this community effort was extended into West Tennessee where ten other counties ultimately joined with Madison County to form the United Way of West Tennessee partnership. Last year, the ten county area United Way campaign raised \$2.7 million. Funds currently are being invested in 86 programs and agencies that believe in youth, empower people with disabilities, strengthen families, care for senior adults, and meet emergency and basic needs. The organization currently (2003 audit) has unrestricted net assets in excess of \$1,000,000 and over \$1 million in endowment funds. United Way has the active support of key business and community leaders on its Board of Directors and committees to insure continued future financial success of the organization. In addition, Petitioner will solicit additional funding for the operation of the abbreviated access number service from public sources and corporate and individual donors. Petitioner's 2003 audited consolidated financial statements and proposed budget for 211 services for the first and second years of operation are attached hereto as Exhibits A and B, respectively.

(b) Overall Ability (Technical Ability and Otherwise) and Willingness to Provide Service on a Permanent and Continuous Basis. If allocated an abbreviated dial code and if it requests and receives necessary start-up funds for equipment, software and data collection from the Tennessee Regulatory Authority, Petitioner will provide N11 service on a permanent and continuous basis. To that end, Petitioner initially will provide abbreviated access number service coverage directly from its offices at 1341 North Highland Avenue in Jackson, Tennessee using staff

and/or volunteer operators on non-holidays from Monday through Friday, 8 a.m. to 4:30 p.m. It is the intention of the Petitioner to eventually pursue making its N11 service to be available on a 24 hour a day, seven day a week level through an arrangement with another N11 call center and/or the forwarding of calls to the telephone number of an on-call staff or volunteer. Currently, the Petitioner has been providing local information & referral since 1941. It is estimated that, without the availability of a toll-free number and without any advertising to promote the service, the Petitioner's staff respond to an estimated 1,000 such calls each year. Each member of the Petitioner's staff is experienced and knowledgeable of area services that are available to assist most requests for social service information and referral assistance. Its president, Barry Matthews, has eight years of information & referral experience in his leadership role at United Way of West Tennessee. Further, he was Executive Director of the Southwest Tennessee Development District / Area Agency on Aging, a regional resource of information and programs for older adults.

(c) Ability and Willingness to Abide by TRA Rules and Policies. Petitioner will comply with all present and future rules promulgated by the TRA, including without limitation those applicable to abbreviated access dialing service.

(d) Rates, Services and Collection Practices to Be Utilized by Petitioner in the Provision of N11 Service. As more particularly described in Paragraph 1, above, Petitioner is a not-for-profit entity committed to providing free community information and referral services to the population of the Proposed Coverage Area. Petitioner proposes to pay all charges incurred in connection with the assignment and utilization of the abbreviated access code and the costs of ongoing operation of the abbreviated access number service, other than any applicable user-generated charges resultant from access to the service by cellular phone.

(e) Extent and Duration of Petitioner's Service to the Local Community Included in the N11 Allocation. Since 1941, Petitioner has been committed to community service in the Jackson community and the surrounding ten county West Tennessee area while developing a close relationship with social service providers in the Proposed Coverage Area in a cooperative effort to enhance and improve the delivery of beneficial services to the community. The Petitioner's mission is to “unite people and resources to build a stronger, healthier community.” The provision and support of a 211 service for West Tennessee residents aligns with the mission and historical service commitment of United Way.

(f) Anticipated Future Uses by the Community of the Proposed Service to Be Offered by the Petitioner and the Petitioner's Overall Experience Providing Information to the Community to Be Served. . Petitioner has a long history of providing information to the ten county West Tennessee area. Each year United Way publishes a “Community Services Guide” that provides descriptive information about the services offered by agencies and programs that receive United Way dollars. Through the annual workplace campaign, West Tennesseans receive information through campaign literature (that includes the Information and Referral Helpline number), videos, advertising and speaker presentations. United Way also provides program outcome data to its donors and stakeholders that demonstrate changes in peoples’ lives as a result of the programs supported by United Way. All organizational financial information is freely available to the public and United Way participates in an independent public audit each year. The organization has a web site where information is posted and any person may contact United Way via e-mail or telephone for information. Moreover, Petitioner anticipates that its ongoing strong relationship with social services and community information concerns will continue. Because the availability of a uniform telephone access number for community information and social services would significantly reduce

confusion or frustration regarding services available in the ten county West Tennessee area, while enhancing the likelihood that people in need of assistance will be directed to those specific services that would be most appropriate for and responsive to their needs, it is anticipated that a significant number of West Tennesseans will utilize the abbreviated access code system proposed by Petitioner.

(g) The Type of Information Services to Be Provided by Petitioner Through an Abbreviated Dialing Code, and its Relative Value to the Public and Local Community. Through the abbreviated access number service, Petitioner would serve population of the Proposed Coverage Area, providing free information regarding community service organizations and referral guidance to individuals seeking social services and other assistance. A 211 service would tend to reduce any confusion among citizens of the Proposed Coverage Area concerning the availability of social and community services from the thousands of community service organizations located therein. Thus, through the institution of Petitioner's abbreviated access number service, individuals in need of social or community service would have access to an increased number of social services which would be made available on a more uniform basis.

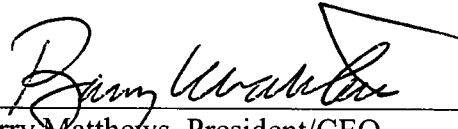
(h) Agreement to Abide by Terms, Conditions and Rates for N11 Service. Petitioner agrees to abide fully by the terms, conditions and rates for N11 service set by the TRA and embodied in the Tariff. As described above in Paragraph 8(d), Petitioner expects to bear all costs of operating the N11 service, other than cellular phone connection and time charges. Therefore Petitioner's N11 rates would not exceed those set forth in the applicable Tariff.

CONCLUSION

8. Petitioner respectfully requests that the TRA allocate the 211 abbreviated dialing code for the Proposed Coverage Area.

Respectfully submitted,

Date: October 21, 2005

A handwritten signature in black ink, appearing to read "Barry Matthews", written over a horizontal line.

Barry Matthews, President/CEO
United Way of West Tennessee
1341 North Highland Avenue
Jackson, Tennessee 38301
(731) 422-1816

A handwritten signature in black ink, appearing to read "Katie Winchester", written over a horizontal line.

Katie Winchester, Board Chairperson
United Way of West Tennessee
1341 North Highland Avenue
Jackson, Tennessee 38301
(731) 422-1816

UNITED WAY OF WEST TENNESSEE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2003

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ARNOLD, SPAIN, TRUETT & HEWITT, P.L.L.C.

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Independent Auditors' Report

Board of Directors

United Way of West Tennessee, Inc

We have audited the accompanying statement of financial position of the United Way of West Tennessee, Inc (United Way) (a nonprofit organization) as of December 31, 2003 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of United Way's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way as of December 31, 2003 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the United Way taken as a whole. The accompanying supplemental schedule is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Arnold, Spain, Truett & Hewitt, PLLC

Certified Public Accountants

Jackson, Tennessee

May 17, 2004

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2003

ASSETS**Current assets:**

Cash and cash equivalents	\$ 813,716
Certificate of deposit	100,000
Gift cards on hand	4,500
Miscellaneous receivable	159
Investment in stock	5,094
Pledges receivable, less allowance for uncollectibles of \$211,642	2,662,368
Prepaid expenses	5,317
Total current assets	<u>3,591,154</u>

Endowment investments:

Cash and cash equivalents	152,586
Investments	1,034,898
Total endowment investments	<u>1,187,484</u>

Fixed assets:

Furniture and equipment	73,567
Less: Accumulated depreciation	(68,083)
Total fixed assets	<u>5,484</u>

Total assets

\$ 4,784,122

LIABILITIES AND NET ASSETS**Liabilities:**

Accounts payable	\$ 59,552
Accounts payable - agencies	1,151,578
Designations payable - agencies	761,297
Total liabilities	<u>1,972,427</u>

Net Assets:

Unrestricted	1,738,772
Temporarily restricted	193,768
Permanently restricted	879,155
Total net assets	<u>2,811,695</u>
Total liabilities and net assets	<u>\$ 4,784,122</u>

The accompanying notes are an integral part of the financial statements

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support, revenues, and reclassifications:				
Contributions	\$ 1,798,678	\$ 315,873	\$ -	\$ 2,114,551
Realized return on investments	(2,425)	47,600	-	45,175
Unrealized gain (loss) on investments	6,321	-	-	6,321
Gain on sale of assets	16,667	-	-	16,667
Insurance settlement	33,264	-	-	33,264
Net assets released from restrictions				
Satisfaction of program requirements	193,877	(193,877)	-	-
Total public support, revenues, and reclassifications	2,046,382	169,596	-	2,215,978
Expenses and losses:				
Program services	1,704,422	-	-	1,704,422
Management and general	219,397	-	-	219,397
Fund raising	176,684	-	-	176,684
Total expenses and losses	2,100,503	-	-	2,100,503
Change in net assets	(54,121)	169,596	-	115,475
Net assets at beginning of year	1,792,893	24,172	879,155	2,696,220
Net assets at end of year	<u>\$ 1,738,772</u>	<u>\$ 193,768</u>	<u>\$ 879,155</u>	<u>\$ 2,811,695</u>

The accompanying notes are an integral part of the financial statements

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Program Services	Support Services		Total
		General & Administrative	Fund Raising	
Disbursements to agencies	\$ 1,549,628	\$ -	\$ -	\$ 1,549,628
Disaster relief disbursements	110,380	-	-	110,380
Salaries - executive director	15,810	15,810	31,620	63,240
Salaries - other	15,014	98,704	62,917	176,635
Employee benefits	5,041	39,810	31,180	76,031
Occupancy	271	2,143	1,678	4,092
Office supplies and expense	364	2,876	2,252	5,492
Computer maintenance	217	1,712	1,341	3,270
Copier lease	166	1,309	1,026	2,501
Repairs and maintenance-equipment	109	863	676	1,648
Postage	296	2,336	1,829	4,461
Insurance	270	2,131	1,669	4,070
Telephone	429	3,385	2,651	6,465
Miscellaneous	249	1,964	1,538	3,751
Travel	688	5,437	4,258	10,383
Campaign operations and supplies	1,994	15,749	12,335	30,078
Fund distribution	309	-	-	309
Marketing	273	2,157	1,690	4,120
Dues - Association	203	1,606	1,258	3,067
Dues - United Way organizations	1,451	11,459	8,975	21,885
Training	56	441	345	842
Legal and professional fees	466	3,680	2,883	7,029
Investment expenses	292	2,304	1,805	4,401
Depreciation	446	3,521	2,758	6,725
Total expenses	<u>\$ 1,704,422</u>	<u>\$ 219,397</u>	<u>\$ 176,684</u>	<u>\$ 2,100,503</u>

The accompanying notes are an integral part of the financial statements

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

Cash flows from operating activities:	
Change in net assets	\$ 115,475
Adjustments to reconcile change in net assets to net cash used by operating activities.	
Depreciation	6,725
Unrealized (gain) loss on investments	(6,321)
(Gain) loss on sale of investments	9,515
(Gain) loss on sale of fixed assets	(16,667)
(Increase) decrease in gift cards on hand	(4,500)
(Increase) decrease in miscellaneous receivables	576
(Increase) decrease in pledges receivable	286,276
(Increase) decrease in prepaid expense	(2,585)
Increase (decrease) in accounts payable	88,716
Increase (decrease) in designations payable	(55,499)
Net cash provided (used) by operating activities	<u>421,711</u>
Cash flows from investing activities:	
Proceeds from sale of property and equipment	115,000
Acquisition of property and equipment	(48,301)
Purchase of investments securities	(910,214)
Proceeds from redemption of investments	<u>807,385</u>
Net cash provided (used) by investing activities	<u>(36,130)</u>
Net increase (decrease) in cash	385,581
Cash at beginning of period	<u>580,721</u>
Cash at end of period	<u>\$ 966,302</u>

The accompanying notes are an integral part of the financial statements

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The United Way of West Tennessee, Inc (United Way) strives to promote cooperation between the citizens of West Tennessee, excluding Shelby and Obion Counties, and the various non-profit agencies serving the citizens. This is accomplished, by providing leadership and guidance during a united campaign to solicit funds that can be disbursed to the various agencies in accordance with the directions and intention of the donors.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are classified and reported as follows.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of United Way and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations, that they be maintained permanently by United Way. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

C. Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

D. Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost or at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. United Way follows the practice of capitalizing all expenditures for equipment in excess of \$1,000. Depreciation is provided using the straight-line method over the five year estimated useful lives of the assets.

E. Functional Allocation of Expenses

The costs of providing the United Way's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

F. Income Tax Status

The United Way qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore has no provision for federal income taxes

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, United Way considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

United Way has entered into a repurchase agreement whereby the bank sells certain securities to them subject to the bank's agreement to repurchase identical securities from them at a specific future date or upon demand by either party, at a stated price plus interest.

The following is a summary of cash and cash equivalents at December 31, 2003

Unrestricted	
Cash on hand	\$ 100
Demand deposits	91,834
Repurchase agreements	<u>721,782</u>
Total unrestricted cash and cash equivalents	<u>\$ 813,716</u>
Restricted	
Cash	\$ 1,001
Government obligations (I)	150,625
Government obligations (P)	<u>960</u>
Total restricted cash and cash equivalents	<u>\$ 152,586</u>

NOTE 3 - GIFT CARDS ON HAND

Sears donated \$10,000 in gift cards to the United Way after the tornado's in May 2003, for the United Way to hand out to people in need. The United Way chose to use Disaster Recovery Services to handle deciding who qualified for the gift cards based on need. Disaster Recovery Services would then send a request to the United Way asking them to release a certain amount of gift cards to an individual. The remaining gift cards that have not been given out as of December 31, 2003 make up the \$4,500 in gift cards on hand on the balance sheet. Revenue and expenses related to this activity are included in the disaster relief contributions and disbursements.

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2003

NOTE 4 - PLEDGES RECEIVABLE

Pledges are made in the fall of each year during the annual campaign. These pledges are paid in the next year or by April 30, of the following year. Uncollected pledges not received by April 30 of the following year are written off at that time. This amounted to \$197,820 (2003) and \$151,249 (2002) of pledges deemed to be uncollectible.

The following is a summary of the pledges receivable at December 31, 2003.

	Percentage Uncollectible	Pledges Receivable
2002/03 Campaign	6.66%	\$ 362,936
2003/04 Campaign (1)	7.85%	<u>2,511,074</u>
		\$ 2,874,010
Less - allowance for uncollectibles		<u>211,642</u>
Net pledges receivable		<u>\$ 2,662,368</u>

(1) The percentage uncollectible for the 2003/04 campaign has been estimated based on prior years' experience.

NOTE 5 - FURNITURE AND EQUIPMENT

Depreciation of furniture and equipment is calculated on the straight-line basis over the estimated useful lives of the assets.

Furniture and equipment	\$ 73,567
Less: Accumulated depreciation	<u>68,083</u>
	<u>\$ 5,484</u>

Depreciation expense for the year ended December 31, 2003 was \$6,725.

NOTE 6 - LONG-TERM INVESTMENTS

The following is a summary of securities held to maturity as of December 31, 2003:

Investments are stated at fair value.

	Cost	Estimated Fair Value	Unrealized Gain (Loss)
Mutual Funds - fixed income:			
Federated U.S. Government 2-5 year securities	\$ 30,000	\$ 32,108	\$ 2,108
Mutual Funds - equities:			
American Century Income & Growth	19,805	17,005	(2,800)
Fidelity Low Price Stock Fund #316	6,511	8,969	2,458
Longleaf Partners Fund	6,200	8,784	2,584
Montag & Caldwell Growth Fund	38,995	30,361	(8,634)
T Rowe Price Mid Cap Growth Fund	6,200	9,072	2,872
Vanguard International Growth Portfolio	12,323	9,899	(2,424)
Vanguard Explorer FD 24	3,890	6,056	2,166
Vanguard Index S & P 500	18,229	16,532	(1,697)
U. S. Treasury Notes	<u>887,127</u>	<u>896,112</u>	<u>8,985</u>
	<u>\$ 1,029,280</u>	<u>\$ 1,034,898</u>	<u>\$ 5,618</u>

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2003

NOTE 6 - LONG-TERM INVESTMENTS (Cont)

The following schedule summarizes investment return and its classification in the statement of activities:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 7,090	\$ 47,600	\$ 54,690
Net realized gains (losses)	(9,515)	-	(9,515)
Total realized return on investments	(2,425)	47,600	45,175
Net unrealized gains (losses)	6,321	-	6,321
Total investment return	<u>\$ 3,896</u>	<u>\$ 47,600</u>	<u>\$ 51,496</u>

NOTE 7 - ENDOWMENT FUNDS

The endowment funds consist of several contributions, with different types of restrictions. The Robertson Brothers principal is restricted in perpetuity to benefit the underprivileged children of the City of Jackson, Tennessee (the City), and to support the program of the United Way. The interest earned on the principal is restricted, but is available to be used to benefit the underprivileged children of the City. Other endowments include an unrestricted trust, which originated in the early days of United Way and a \$1,000 endowment by David Hallock. The interest earned on the trust is restricted for United Way administrative expense. The principal of the Hallock endowment is restricted in perpetuity, and the interest is restricted to purchase a plaque each year honoring a volunteer. In addition, a new trust was received from the French family near the end of 1999. There are no restrictions on this trust.

The endowment funds on hand at December 31, 2003, consist of the following:

Permanently restricted funds:	
Robertson Brothers	\$ 878,155
Hallock	<u>1,000</u>
Total permanently restricted funds	<u>879,155</u>
Unrestricted endowments	
French trust	73,575
Other endowments and earnings	<u>234,754</u>
Total unrestricted endowments	<u>308,329</u>
Total endowment funds	<u>\$ 1,187,484</u>

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2002

NOTE 8 - OPERATING LEASE

In March 2002 the United Way entered into a 60 month lease agreement with Xerox for the rental of a copier. In November 2002 the United Way entered into a 60 month lease agreement with St John's Masonic Lodge #332 for the rental of office space. The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2004	\$ 10,099
2005	10,099
2006	10,099
2007	8,183
2008	6,500
	<u>\$ 44,980</u>

NOTE 9 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the United Way's financial instruments, none of which are held for trading purposes, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 966,302	\$ 966,302
Certificates of deposit	100,000	100,000
Pledges receivable	2,662,368	2,662,368
Investment in stock	5,006	5,094
Long-term investments	1,029,279	1,034,898

The following methods and assumptions were used by the United Way in estimating fair value disclosures for financial instruments

Cash, cash equivalents, and pledges receivable: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments

Long-term investments: The fair values of investment securities are based on quoted market prices for those investments

NOTE 10 - COMMITMENTS

The United Way receives pledges from individuals and corporations for a calendar year (January 1 thru December 31). However, the United Way makes commitments to fund its agencies on a fiscal year basis (July 1 thru June 30). Therefore, on July 1 of each year the United Way makes commitments for six months longer than the pledges it received to cover the commitments.

The United Way has committed to establish a community Help Line. Partial funding has been provided by the City of Jackson. The Board of Directors has designated interest income from some of their deposits to be used for this purpose also.

UNITED WAY OF WEST TENNESSEE, INC.
SCHEDULE OF SUPPORT, REVENUE AND EXPENSES
AND CHANGES IN NET ASSETS - BY COUNTY
YEAR ENDED DECEMBER 31, 2003

Revenue, gains, and other support	Madison	Gibson	McNairy	Weakley	Henderson	Haywood	Carroll	Dyer	Total
Contributions	\$ 872,030	\$ 198,518	\$ 133,193	\$ 107,465	\$ 170,065	\$ 175,925	\$ 42,215	\$ 249,711	\$ 1,949,122
Less Uncollectible pledges	16,897	75,008	2,965	12,150	5,133	12,048	15,707	18,933	158,841
Net contributions	855,133	123,510	130,228	95,315	164,932	163,877	26,508	230,778	1,790,281
Disaster relief contributions	278,340	-	-	-	-	-	-	-	278,340
Insurance settlement	33,264	-	-	-	-	-	-	-	33,264
Dividend and interest income	7,090	-	-	-	-	-	-	-	7,090
Dividend and interest income - Endowment Fund	47,600	-	-	-	-	-	-	-	47,600
Success by Six grant	1,636	-	-	-	-	-	-	-	1,636
Administrative fees retained on amounts designated by donors for specific organizations	7,655	2,500	505	1,254	1,805	1,935	2,205	4,468	22,327
Other designated contributions	4,470	1,112	412	557	2,009	437	3,712	861	13,570
Gain on sale of assets	16,667	-	-	-	-	-	-	-	16,667
Unrealized gain on investments	6,321	-	-	-	-	-	-	-	6,321
Gain (loss) on sale of investments	(9,515)	-	-	-	-	-	-	-	(9,515)
Miscellaneous income	8,397	-	-	-	-	-	-	-	8,397
Total revenue, gains and other support	1,257,058	127,122	131,145	97,126	168,746	166,249	32,425	236,107	2,215,978
Expenses and losses.									
Program services									
Agencies	746,088	184,465	96,371	81,598	179,350	88,534	34,230	138,992	1,549,628
Other program expense	154,794	-	-	-	-	-	-	-	154,794
Support services									
Management and general expense	219,397	-	-	-	-	-	-	-	219,397
Fund raising expenses	176,684	-	-	-	-	-	-	-	176,684
Administrative expense transfer	(239,983)	56,371	24,228	21,248	46,900	26,075	15,183	49,978	-
Total expenses and losses	1,056,980	240,836	120,599	102,846	226,250	114,609	49,413	188,970	2,100,503
Change in net assets	200,078	(113,714)	10,546	(5,720)	(57,504)	51,640	(16,988)	47,137	115,475
Net assets at beginning of year	1,653,537	324,454	107,059	85,549	215,618	94,216	5,523	210,264	2,696,220
Net assets at end of year	\$ 1,853,615	\$ 210,740	\$ 117,605	\$ 79,829	\$ 158,114	\$ 145,856	\$ (11,465)	\$ 257,401	\$ 2,811,695
Composition of net assets.									
Unrestricted									
General	\$ 273,440	\$ 172,939	\$ 104,732	\$ 69,883	\$ 138,523	\$ 119,055	\$ (49,795)	\$ 218,382	\$ 1,047,159
Designated									
Collection shortfall	208,516	28,011	12,873	9,946	19,591	19,142	38,330	39,019	375,428
Emergency Fund	-	9,790	-	-	-	7,659	-	-	17,449
Administrative	54,075	-	-	-	-	-	-	-	54,075
Problem Solving Outcome Fund	205	-	-	-	-	-	-	-	205
Christmas Partners Fund	140	-	-	-	-	-	-	-	140
Endowments	244,316	-	-	-	-	-	-	-	244,316
Restricted									
Success by Six	25,808	-	-	-	-	-	-	-	25,808
Disaster Recovery Services	167,960	-	-	-	-	-	-	-	167,960
Endowments	879,155	-	-	-	-	-	-	-	879,155
	\$ 1,853,615	\$ 210,740	\$ 117,605	\$ 79,829	\$ 158,114	\$ 145,856	\$ (11,465)	\$ 257,401	\$ 2,811,695

**Estimated Costs for 2-1-1 Initiative
United Way of West Tennessee
First Year of Operation 2005**

<u>Labor Costs</u>		
Administrative & existing program support staff	\$	10,000
to manage program and respond to calls		
New part-time operator to answer calls		9,000
Fringe Benefits @ approximately 30%		5,400
<u>Long-distance Charges</u>		2,000
<u>Printed Materials & Publications</u>		1,000
<u>Software Maintenance</u>		500
<u>Training</u>		1,000
<u>Travel</u>		1,000
<u>Miscellaneous</u>		500
<u>Total Operating Costs</u>	\$	<u>30,400</u>

- 1 Initial data collection and entry, telephone equipment and I&R software costs to be requested in the form of a grant from a Tennessee Regulatory Authority (TRA) grant. Start-up costs are estimated at.

Telephone systems	16,905
Headsets	268
Computer(s)	800
Software	6,000
Data Input	5,000
Estimated Total	28,973

2. Budget allows for Monday - Friday, 8 a m to 4 30 p m operation initially. Plans to expand service to a 24 hour a day, seven days a week initiative will be pursued through arrangements with other call centers and/or on-call staff and volunteers.
- 3 Call volume is expected to increase five-fold from a currently unadvertised I&R service to a marketed 2-1-1 initiative for the area Anticipated volume for the first full year of operation: 5,000 calls.

Prepared 2/4/05 bkm